

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA

Norfolk Division

UNITED STATES OF AMERICA,	)	<u>UNDER SEAL</u>
)	
v.	)	CRIMINAL NO. 2:04cr
)	
SIDNEY S. LOXLEY,	)	21 U.S.C. § 846
(Counts 1-91)	)	Conspiracy to Traffic In Controlled
	)	Substances
CAROL DEAN LOXLEY,	)	(Count 1)
a/k/a “Carol Ann Dean”,)	
(Counts 1, 57-89)	)	21 U.S.C. § 841(a)(1)
	)	Drug Trafficking Resulting in Death
ORTHOPEDIC SURGEONS, LTD.,	)	(Counts 2-5)
(Count 1))	
	)	21 U.S.C. § 841(a)(1)
Defendants.	)	Distribution of Controlled
	)	Substances
	)	(Counts 6-56)
)	
	)	21 U.S.C. § 843(a)(3)
	)	Obtaining Controlled Substances by
	)	Fraud
	)	(Counts 57-83)
)	
	)	18 U.S.C. § 1956(a)(1)(A)(i)
	)	Laundering of Monetary Instruments
	)	(Counts 84-89)
)	
	)	18 U.S.C. § 1957
	)	Engaging in Monetary Transactions
	)	in Criminally Derived Property
	)	(Count 90)
)	
	)	18 U.S.C. § 2232(a)
	)	Removal of Property to Prevent
	)	Seizure
	)	(Count 91)
)	

) 21 U.S.C. § 853
) 18 U.S.C. § 982
) Forfeiture Allegations
)
) Sentencing Factors Allegation

INDICTMENT

December 2004 Term – at Norfolk, Virginia

THE GRAND JURY CHARGES THAT:

Introduction

1. At all times relevant to this Indictment, the defendant, SIDNEY S. LOXLEY, doing business as the closely held corporate entity, ORTHOPEDIC SURGEONS, LTD., was a medical doctor licensed by the Commonwealth of Virginia and maintained a practice at 501 North Battlefield Boulevard, Chesapeake, Virginia. SIDNEY S. LOXLEY practiced as an orthopedic surgeon, however, approximately 90% of his patients were chronic pain patients regularly receiving large quantities of narcotic controlled substances, many of which exceeded the bounds of legitimate medical practice. Throughout this Indictment, when reference is made to a particular patient, the patient account number is used to identify the patient, while protecting the patient's privacy. On several occasions, SIDNEY S. LOXLEY's dosages of narcotic controlled substances resulted in deaths and overdoses.

2. SIDNEY S. LOXLEY received a medical degree from George Washington University School of Medicine in Washington, D.C. in 1968. SIDNEY S. LOXLEY completed an internship and residency with the U.S. Navy in orthopedic surgery in Portsmouth, Virginia in 1972. SIDNEY S. LOXLEY was licensed by the Virginia Board of Medicine on or about June 2, 1975, License No. 0101025877. SIDNEY S. LOXLEY possessed a Drug Enforcement

Administration registration number, AL6366428, that authorized him to prescribe controlled substances in Schedules II through V. SIDNEY S. LOXLEY'S medical license in the Commonwealth of Virginia was suspended indefinitely on or about June 10, 1993 and then reinstated on or about October 19, 1994. SIDNEY S. LOXLEY was required to complete sixty (60) credit hours of continuing medical education, with twenty (20) credit hours in medical ethics specifically related to ethical consideration in the physician/patient relationship prior to petitioning the Virginia Board of Medicine for reinstatement of his license. On or about October 17, 2003, SIDNEY S. LOXLEY was reprimanded by the Virginia Board of Medicine and placed on probation for three (3) years by the Virginia Board of Medicine for prescribing controlled substances outside the scope of a bona fide practitioner-patient relationship and gross carelessness in maintaining medical records.

3. Since at least September 2001, CAROL DEAN LOXLEY, the wife of defendant SIDNEY S. LOXLEY (married January 31, 2002), has worked as the Office Manager at ORTHOPEDIC SURGEONS, LTD. Beginning in or about August 2001, CAROL DEAN LOXLEY, aided and abetted by SIDNEY S. LOXLEY, has obtained by fraudulent means substantial quantities of meperidine, known by the trade name "Demerol," and dextroamphetamine known by the trade name "Adderall," for her personal use.

General Allegations And Terminology

4. It was part of the conspiracy that SIDNEY S. LOXLEY, President and Director of ORTHOPEDIC SURGEONS, LTD., and CAROL DEAN LOXLEY, Secretary of ORTHOPEDIC SURGEONS, LTD., ran and operated the closely held corporation ORTHOPEDIC SURGEONS, LTD., to facilitate the drug trafficking activity described in this

Indictment. SIDNEY S. LOXLEY and CAROL DEAN LOXLEY were the only two corporate officers of ORTHOPEDIC SURGEONS, LTD.

5. A practitioner may not prescribe or dispense narcotic drugs listed in any schedule for “detoxification treatment” or “maintenance treatment” as defined in Title 21, United States Code, Section 802, unless separately registered with the Attorney General. 21 Code of Federal Regulations (“CFR”) §§ 1306.04(c) and 1306.07(a).

6. The Controlled Substances Act (“CSA”) governs the manufacture, distribution, and dispensation of controlled substances in the United States. The CSA and the CFR contain definitions relevant to this indictment, some of which are set forth below.

- a. The term “controlled substance” means a drug or other substance, or immediate precursor, included in Schedule I, II, III, IV, and V, as designated by Title 21 of the United States Code, Section 802(c)(6), and the CFR.
- b. The term “Schedule II” means the drug or other substance has a high potential for abuse; the drug has a currently accepted medical use with severe restrictions; and abuse of the drug or other substances may lead to severe psychological or physical dependence.
- c. The term “dispense” means to deliver a controlled substance to an ultimate user or research subject by, or pursuant to the lawful order of, a practitioner, including the prescribing and administering of a controlled substance.
- d. The term “distribute” means to deliver (other than by administering or dispensing) a controlled substance.

- e. The term “practitioner” means a medical doctor, physician, or other individual licensed, registered, or otherwise permitted, by the United States or the jurisdiction in which she or he practices, to dispense a controlled substance in the course of professional practice.
- f. The term “maintenance treatment” means the dispensing, for a period in excess of twenty-one days, of a narcotic drug in the treatment of an individual for dependence upon heroin or other morphine-like drugs.
- g. The Drug Enforcement Administration (“DEA”) issues registration numbers to qualifying doctors, who become authorized to dispense Schedule II, III, IV, and V controlled substances. The term “registrant” refers to a person holding such a DEA registration number.
- g. A prescription for a controlled substance violates the Controlled Substances Act and CFR if it is issued beyond the bounds of medical practice or is not for a legitimate medical purpose in the usual course of a professional practice.
- h. The term “dosage” is the amount, frequency, and number of doses of medication authorized by a practitioner, who has been issued a DEA registration number.

Charged Controlled Substances

7. Controlled substances in Schedules II through IV have the potential for abuse and a currently accepted medical use in treatment. These controlled substances are the active ingredient in drugs manufactured by pharmaceutical companies and are often known by the trade name assigned to them by the pharmaceutical company. Some of the controlled substances dispensed by SIDNEY S. LOXLEY include:

- a. Dextroamphetamine is a Schedule II controlled substance known by the trade name Adderall. Adderall contains dextroamphetamine and amphetamine. Adderall is a stimulant used to treat attention deficit hyperactivity disorder and if used in large doses can be highly addictive and produce exaggerated feelings of well being.
- b. Hydromorphone is a Schedule II controlled substance known by the trade name Dilaudid. Dilaudid is a narcotic pain medication which is relatively short acting.
- c. Meperidine is a Schedule II controlled substance known by the trade name Demerol. Demerol is a narcotic pain medication available in either tablet or liquid form frequently used for postsurgical pain.
- d. Methadone is a Schedule II controlled substance known by the trade names Methadose or Dolophine. Methadose is used to treat severe pain or to treat heroin addiction.
- e. Morphine is a Schedule II controlled substance known by the trade names MS Contin or Avinza. Morphine Sulfate Immediate Release, also known as “MSIR,” is a brand name pill that contains morphine, a Schedule II controlled substance. Morphine is a narcotic pain medication used to treat severe pain.
- f. Oxycodone is a Schedule II controlled substance known by the trade names OxyContin, Percocet, Percodan Roxicodone or Tylox. Oxycodone is a narcotic pain medication used to treat moderate to severe pain. Percocet and Tylox also contain acetaminophen.

- g. Hydrocodone is a Schedule III controlled substance known by the trade names Anexsia, Hycodan, Lorcet, Lortab, Norco, Tussionex or Vicodin. Hydrocodone is a narcotic pain medication used to treat moderate to severe pain. Many of the pharmaceutical drugs containing hydrocodone, including Norco, Lortab and Vicodin, also contain acetaminophen.
- h. Alprazolam is a Schedule IV controlled substance known by the trade name Xanax. Xanax is an anti-depressant, benzodiazepine used to treat anxiety and panic attacks.
- i. Diazepam is a Schedule IV controlled substance known by the trade name Valium. Valium is an anti-depressant, benzodiazepine used to treat anxiety, stress and some seizure disorders.
- j. Butophanol is a Schedule IV controlled substance known by the trade name Stadol. Stadol is a nasal spray used to relieve pain and headaches.

COUNT 1

THE GRAND JURY FURTHER CHARGES THAT:

8. Paragraphs 1 through 7 of the indictment are realleged and incorporated into Count 1 of this indictment.

9. Beginning in or about August, 2001, and continuing up to and including the date of this Indictment, within the Eastern District of Virginia, and elsewhere, the defendants, SIDNEY S. LOXLEY, CAROL DEAN LOXLEY and ORTHOPEDIC SURGEONS, LTD., did knowingly, intentionally, and unlawfully combine, conspire, confederate, and agree together with each other and with others known and unknown to the grand jury to knowingly, intentionally, and

unlawfully distribute and dispense a mixture and substance containing a detectable amount of dextroamphetamine, hydromorphone, meperidine, methadone, morphine, oxycodone, hydrocodone, alprazolam, diazepam, and butophanol, not for a legitimate medical purpose and beyond the bounds of medical practice, in violation of Title 21, United States Code, Section 841(a)(1).

10. Death and serious bodily injury resulted from the use of the substances so distributed and dispensed.

Nature And Purpose Of Conspiracy

The purposes of the conspiracy included, but were not limited to, the following:

11. To make as much money as possible by distributing and dispensing controlled substances such as dextroamphetamine, hydromorphone, meperidine, methadone, morphine, oxycodone, hydrocodone, alprazolam, diazepam and butophanol to patients, and co-conspirators.

12. To create a physical dependency and addiction on the part of patients to controlled substances such as hydromorphone, meperidine, methadone, morphine, oxycodone, and hydrocodone, thereby ensuring that these patients will return each month and pay for repeat visits in order to obtain additional quantities of controlled substances.

13. To provide dextroamphetamine, known by the trade name Adderall, and meperidine, known by the trade name Demerol, for the personal use of CAROL DEAN LOXLEY, not for a legitimate medical purpose.

Ways, Manners, And Means Of The Conspiracy

14. It was part of the conspiracy that SIDNEY S. LOXLEY, aided and abetted by CAROL DEAN LOXLEY, distributed and dispensed, and did aid and abet the distribution and

dispensing of controlled substances, including, but not limited to, dextroamphetamine, hydromorphone, meperidine, methadone, morphine, oxycodone, hydrocodone, alprazolam, diazepam and butophanol.

15. It was further a part of the conspiracy that SIDNEY S. LOXLEY prescribed excessive amounts of controlled substances to patients, including conspirator patients, thereby causing, aiding, abetting, and facilitating the misuse, abuse, and subsequent distribution of these controlled substances.

16. It was further a part of the conspiracy that SIDNEY S. LOXLEY frequently prescribed carisprodol, known by the trade name Soma, or atarax, known by the trade name Vistaril, to enhance the effects of the narcotic controlled substances.

17. It was further a part of the conspiracy that patients and conspirators acquired large quantities of controlled substances from SIDNEY S. LOXLEY for personal use and distribution.

18. It was further a part of the conspiracy that SIDNEY S. LOXLEY and CAROL DEAN LOXLEY, between January 7, 2002 and February 19, 2003, in eleven (11) separate shipments, obtained a total of 226.59 grams of liquid meperidine at the offices of ORTHOPEDIC SURGEONS, LTD., at 501 North Battlefield Boulevard, Chesapeake, Virginia.

19. It was further a part of the conspiracy that SIDNEY S. LOXLEY, while under the influence of alcohol and impaired by the use of alcohol, treated patients and dispensed to patients large quantities of controlled substances. As a result of SIDNEY S. LOXLEY's impairment, LOXLEY was regularly late for appointments at his medical office, requiring patients to wait for hours and frequently not arriving until the afternoon.

20. It was further a part of the conspiracy that patients and conspirators visited LOXLEY's medical office at 501 North Battlefield Boulevard, Chesapeake, Virginia, typically on a monthly basis, for the purpose of obtaining and abusing, large quantities of prescription narcotics.

21. It was further a part of the conspiracy that SIDNEY S. LOXLEY dispensed medical services and controlled substances to patients in exchange for services rendered to SIDNEY S. LOXLEY and CAROL DEAN LOXLEY both at their residence at 1850 Shillelagh Road, Chesapeake, Virginia, and at the medical office at 501 North Battlefield Boulevard, Chesapeake, Virginia.

22. It was further a part of the conspiracy that SIDNEY S. LOXLEY did not employ any persons with medical training in his medical office, instead SIDNEY S. LOXLEY utilized patients and family members in the office to assist with medical records, dictation of clinical notes, checking in patients, filing and cleaning.

23. It was further a part of the conspiracy that SIDNEY S. LOXLEY possessed and carried a firearm, to wit, a .40 caliber Taurus semi-automatic handgun, at times on or about his person while seeing patients at his medical offices, or in his vehicles or residence, for protection.

24. It was further a part of the conspiracy that SIDNEY S. LOXLEY, who holds himself out as an orthopedic surgeon, since August 1, 2003 has not maintained any medical malpractice insurance, nor has SIDNEY S. LOXLEY since November 11, 2003 had privileges at any area hospital.

25. It was further a part of the conspiracy that SIDNEY S. LOXLEY refused to accept medical insurance, rather SIDNEY S. LOXLEY and CAROL DEAN LOXLEY charged patients

\$120 to \$220 for an initial office visit, and \$75 to \$125 or more for monthly follow-up visits in order to receive prescriptions for excessive quantities of narcotic controlled substances.

26. It was further a part of the conspiracy that SIDNEY S. LOXLEY frequently prescribed narcotic controlled substances to patients and conspirators at the first appointment without conducting an adequate physical examination of the patient to verify the claimed illness or condition.

27. It was further a part of the conspiracy that SIDNEY S. LOXLEY purposely ignored known indicators or “red flags” for the abuse of narcotics including, but not limited to: patients seeking early refills; patients obtaining narcotics from other suppliers; notices from insurance companies or pharmacies of patients obtaining narcotics from multiple doctors; patients requesting specific drugs by name; replacing lost or stolen prescriptions without requiring police reports; repeatedly writing prescriptions for patients that overdose; and patients paying in cash.

28. It was further a part of the conspiracy that SIDNEY S. LOXLEY would, on occasion, distribute and dispense prescription drugs to patients and conspirators without seeing the patients, by leaving, and directing others to leave, the prescriptions in a mailbox behind his office for pick-up after hours, by taping them to the back door, or by mailing, and directing others to mail, the prescriptions to conspirators out of state.

29. It was further a part of the conspiracy that SIDNEY S. LOXLEY failed to maintain proper records for his controlled drug inventory, including records for distribution and administration of controlled substances, and failed to maintain proper security for controlled

drugs, which allowed and facilitated CAROL DEAN LOXLEY's diversion of controlled substances for her personal use.

30. It was further a part of the conspiracy that SIDNEY S. LOXLEY regularly increased the dosages of controlled substances prescribed knowing that the use of these amounts would result in physical dependence and addiction.

31. It was further a part of the conspiracy that SIDNEY S. LOXLEY rarely, if ever, conducted appropriate diagnosis testing or counseled his patients regarding alternative treatments, such as physical therapy, psychological or addiction counseling, or surgery.

32. It was further a part of the conspiracy that SIDNEY S. LOXLEY frequently issued narcotics prescriptions despite obvious physical signs of drug abuse by many of his patients and conspirators, and despite warnings by family members that the patients and conspirators were abusing narcotic controlled substances.

33. It was further a part of the conspiracy that SIDNEY S. LOXLEY failed to administer urine drug screen tests to determine whether the prescribed medications and/or illicit drugs were present, and failed to administer serum blood tests to determine the level of prescribed medications and/or illicit drugs present in a patient's blood, despite obvious indications that patients and conspirators were abusing, misusing, and distributing the controlled substances he prescribed.

34. It was further a part of the conspiracy that SIDNEY S. LOXLEY continued to prescribe excessive amounts of controlled substances knowing that these distributions have resulted in numerous overdoses, and, in some cases, deaths to his patients, including, but not

limited to; Lanae K. Sasse (died on or about January 25, 2003), Karen Young Zanella (March 8, 2003) David Scarborough (June 8, 2003) and Karen Elaine Gowans (May 25, 2004).

35. It was further a part of the conspiracy that SIDNEY S. LOXLEY and CAROL DEAN LOXLEY obtained substantial income and resources from their illegal distribution of controlled substances.

Overt Acts In Furtherance Of The Conspiracy

In furtherance of the conspiracy and to accomplish one or more of the purposes thereof, at least one of the following overt acts, among others, were committed in the Eastern District of Virginia and elsewhere, including:

1. Beginning on or about August 3, 2001 and continuing until on or about June 26, 2002, at Chesapeake, Virginia, SIDNEY S. LOXLEY regularly dispensed large quantities of methadone to patient number 24101, despite knowing that patient number 24101 was addicted to narcotics and seeing multiple doctors.

2. On or about September 14, 2001, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed to patient number 24563, 60 tablets containing morphine, MSIR 30 mg, and 120 tablets containing hydromorphone, Dilaudid 2 mg. On September 19, 2001, patient number 24563 reported to SIDNEY S. LOXLEY that he had flushed his Dilaudid (hydromorphone) down the toilet. Thereafter, on October 1, 2001, SIDNEY S. LOXLEY dispensed to patient number 24563, 60 tablets containing morphine, MSIR 30 mg and 120 tablets containing oxycodone, Percocet 5/325. Thereafter, on October 15, 2001, SIDNEY S. LOXLEY dispensed to patient number 24563, 120 tablets containing morphine, MSIR 30 mg. Thereafter, on October 19, 2001, SIDNEY S. LOXLEY, dispensed to patient number 24563, 120 tablets containing

hydromorphone, Dilaudid 2 mg. On November 15, 2001, patient number 24563 reported to SIDNEY S. LOXLEY that his medication was stolen and SIDNEY S. LOXLEY dispensed 60 tablets containing morphine, MSIR 30 mg and 120 tablets containing hydromorphone, Dilaudid 2 mg to patient number 24563. During this approximately sixty (60) day period, SIDNEY S. LOXLEY dispensed a total of 360 tablets containing hydromorphone, 300 tablets containing morphine, and 120 tablets containing oxycodone to patient number 24563, all of these substances being narcotic controlled substances.

3. On or about February 21, 2002, at Chesapeake, Virginia, SIDNEY S. LOXLEY received notice from patient number 08638 that the patient was abusing Vicodin and Soma. SIDNEY S. LOXLEY agreed with the patient to discontinue dispensing Vicodin; however, on March 20, 2002, SIDNEY S. LOXLEY resumed dispensing Vicodin for patient number 08638 and continued this pattern for approximately two years.

4. On or about May 15, 2002, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed approximately 120 tablets of a mixture and substance containing meperidine, a Schedule II controlled substance, known by the trade name Demerol to CAROL DEAN LOXLEY.

5. On or about June 3, 2002, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 240 methadone to Karen Gowans. This occurred despite SIDNEY S. LOXLEY's notation on May 24, 2002 that Karen Gowans was becoming an addict.

6. On or about July 3, 2002, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 240 methadone to Karen Gowans.

7. On or about July 6, 2002, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed approximately 120 tablets of a mixture and substance containing meperidine, a Schedule II controlled substance, known by the trade name Demerol to CAROL DEAN LOXLEY.

8. On or about July 26, 2002, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 120 tablets containing hydrocodone, Vicodin ES and 60 tablets containing oxycodone, Tylox 5 mg, to patient number 23615.

9. On or about August 2, 2002, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 240 tablets containing methadone to Karen Gowans.

10. On or about August 16, 2002, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 240 tablets containing oxycodone, Tylox 5 mg, and 120 tablets containing hydrocodone, Vicodin ES, to patient number 23615, replacing prescriptions which were allegedly stolen. Thereafter, on or about September 3, 2004, just 18 days later, SIDNEY S. LOXLEY dispensed 240 tablets containing oxycodone, Tylox 5 mg, and 120 tablets containing hydrocodone, Vicodin ES.

11. On or about October 2, 2002, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 240 tablets containing oxycodone, Tylox 5 mg, to patient number 23615. Thereafter, on or about October 23, 2004, just 21 days later, SIDNEY S. LOXLEY dispensed 120 tablets containing oxycodone, Percocet 10/325, to patient number 23615. Following this on October 28, 2002, just 5 days later, SIDNEY S. LOXLEY dispensed 240 tablets containing oxycodone, Tylox 5 mg and 120 tablets containing hydrocodone, Vicodin ES, to patient number 23615. During this

twenty-six (26) day period, patient number 23615 received a total of 600 tablets containing oxycodone, a Schedule II narcotic controlled substance.

12. On or about November 3, 2002, at Chesapeake, Virginia, CAROL DEAN LOXLEY possessed a quantity of tablets containing meperidine, known by the trade name Demerol.

13. On or about January 24, 2003, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 120 tablets containing methadone, Methadone 10 mg, and 60 tablets containing butalbital, Fioricet to Lanae Sasse. Thereafter, on or about January 25, 2003, Lanae Sasse consumed a portion of the Fioricet (butalbital) and methadone dispensed by SIDNEY S. LOXLEY which caused Lanae Sasse's death.

14. In or about January or February 2003, at Chesapeake, Virginia, at a local area restaurant, SIDNEY S. LOXLEY dispensed 100 tablets containing hydrocodone, Vicodin HP, to patient number 23469.

15. On or about February 5, 2003, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 120 tablets containing methadone, Methadone 10 mg, and 100 tablets containing diazepam, Valium, to David Scarborough. Thereafter on February 6, 2003, David Scarborough consumed a portion of the methadone and diazepam dispensed by SIDNEY S. LOXLEY which caused David Scarborough to overdose.

16. On or about February 26, 2003, at Chesapeake, Virginia, CAROL DEAN LOXLEY possessed a quantity of liquid containing meperidine, known by the trade name Demerol.

17. On or about February 28, 2003, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 60 tablets containing oxycodone, OxyContin 40 mg and 120 tablets containing hydrocodone, Vicodin ES to Karen Zanella.

18. On or about March 6, 2003, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 100 tablets containing hydromorphone, Dilaudid 2 mg and wrote a prescription for 60 tablets containing oxycodone, OxyContin 40 mg, which the pharmacy refused to fill, to Karen Zanella. SIDNEY S. LOXLEY had previously on February 21, 2003, dispensed to Karen Zanella 120 tablets containing hydrocodone, Vicodin ES. Thereafter, on or about March 8, 2003, Karen Zanella consumed a portion of the hydromorphone, oxycodone and hydrocodone dispensed by SIDNEY S. LOXLEY which caused Karen Zanella's death.

19. On or about April 7, 2003, at Chesapeake, Virginia, SIDNEY S. LOXLEY, dispensed to patient number 24973, 240 tablets containing oxycodone, Percocet 10/325. Thereafter on April 18, 2003, just 11 days later, SIDNEY S. LOXLEY dispensed to patient number 24973 an additional 120 tablets containing hydrocodone, Vicodin HP. Thereafter on April 23, 2004, just 5 days later, SIDNEY S. LOXLEY dispensed to patient 24973 an additional 100 tablets containing meperidine, Demerol 100 mg, and 150 tablets containing oxycodone, Percocet 7.5/325 mg. Thereafter on May 2, 2003, just 9 days later, SIDNEY S. LOXLEY dispensed to patient number 24973 an additional 60 tablets containing oxycodone, OxyContin 40 mg, and 120 tablets containing meperidine, Demerol 100 mg. Thereafter on May 5, 2003, just 3 days later, SIDNEY S. LOXLEY again dispensed to patient number 24973 an additional 240 tablets containing oxycodone, Oxy IR 5 mg. Thereafter on May 12, 2004, just 7 days later, SIDNEY S. LOXLEY dispensed to patient 24973 an additional 10 tablets containing meperidine,

Demerol 100 mg. Thereafter on May 14, 2003, just 2 days later, SIDNEY S. LOXLEY dispensed to patient 24973, 240 tablets containing oxycodone, Tylox 5 mg. During this approximately thirty-seven (37) day period, SIDNEY S. LOXLEY dispensed a total of 930 tablets containing oxycodone, 280 tablets containing meperidine, and 120 tablets containing hydrocodone to patient number 24973, all of these substances being narcotic controlled substances.

20. On or about May 5, 2003, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 120 tablets containing methadone, Methadone 10 mg, to David Scarborough. SIDNEY S. LOXLEY dispensed this methadone, despite having knowledge of David Scarborough's overdose on methadone in February 2003 and despite a request from David Scarborough's mother not to prescribe narcotics to David Scarborough.

21. On or about June 5, 2003, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 120 tablets containing methadone, Methadone 10 mg, 30 tablets containing oxycodone, Percocet 5/325, and 100 tablets containing diazepam, Valium, to David Scarborough. Thereafter, on or about June 8, 2003, David Scarborough consumed a portion of the methadone dispensed by SIDNEY S. LOXLEY which caused David Scarborough's death.

22. On or about June 19, 2003, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 120 tablets containing meperidine, Demerol 100 mg to patient number 23615. On or about June 27, 2003, patient number 23615 was hospitalized for grand mal seizures, which can be caused by Demerol. Despite knowledge of this hospitalization, on or about July 10, 2003, July 30, 2003 and August 11, 2003, SIDNEY S. LOXLEY dispensed substantial quantities of meperidine, Demerol 100 mg or Demerol 50 mg, to patient number 23615.

23. On or about July 9, 2003, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 120 tablets of oxycodone, Percocet 5/325 for patient number 23358, who reportedly injured his knee while swimming.

24. On or about July 25, 2003, at Chesapeake, Virginia, SIDNEY S. LOXLEY, despite being aware that patient number 24916 had overdosed on narcotics pain medications on two prior occasions in 2003, dispensed hydrocodone and diazepam, with multiple refills, to patient number 24916. Thereafter on August 4, 2003, SIDNEY S. LOXLEY further dispensed hydrocodone and diazepam to patient number 24916. On or about August 5, 2003, and again on September 14, 2003, patient number 24916 overdosed on hydrocodone and diazepam. Despite knowledge of these overdoses and requests from the family and friends of patient number 24916 to discontinue narcotics for patient number 24916, SIDNEY S. LOXLEY continued to prescribe hydrocodone and diazepam to patient number 24916.

25. On or about August 15, 2003, at Chesapeake, Virginia, SIDNEY S. LOXLEY, dispensed to patient number 24563, 120 tablets containing oxycodone, Percocet 10/325. Thereafter, on September 8, 2003, SIDNEY S. LOXLEY dispensed to patient number 24563, 240 tablets containing oxycodone, OxyIR 5mg and 120 tablets containing hydrocodone, Norco 10/325.

26. On or about August 20, 2003, at Chesapeake, Virginia, SIDNEY S. LOXLEY, despite an awareness that patient number 24684 had overdosed on June 17, 2003 on narcotics and benzodiazepines, dispensed 240 tablets containing oxycodone, Percocet 5/325, and 100 tablets containing meperidine, Demerol 100 mg. Thereafter on September 10, 2003, just 20 days later, SIDNEY S. LOXLEY dispensed 100 tablets containing morphine, MS Contin 30 mg, and

120 tablets containing hydrocodone, Lortab 10 mg, to patient number 24684. Thereafter on October 1, 2003, just 20 days later, SIDNEY S. LOXLEY dispensed an additional 120 tablets containing meperidine, Demerol 100 mg and 120 tablets of hydrocodone, Lortab 10 mg. Thereafter on October 9, 2003, just 8 days later, SIDNEY S. LOXLEY dispensed an additional 120 tablets containing meperidine, Demerol 100 mg, and 120 tablets containing hydrocodone, Lortab 10 mg, to patient number 24684. During this approximately 50 day period, SIDNEY S. LOXLEY dispensed a total of 240 tablets containing oxycodone, 250 tablets containing meperidine, 100 tablets containing morphine and 360 tablets containing hydrocodone to patient number 24684, all of these substances being narcotic controlled substances.

27. On or about October 29, 2003, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 120 tablets containing oxycodone, Percocet 5/325, to an undercover DEA agent who stated he was “feeling great,” that the medicine was helping him to get by. SIDNEY S. LOXLEY replied that the Percocet was “the same stuff in oxycontin that you read about in the papers all the time, except this is a short acting thing.” SIDNEY S. LOXLEY then stated to the undercover DEA agent that “I’m one of the few doctors around here who will write this much. Most doctors might give you twelve (12), not one hundred twenty (120).” The prescription written by SIDNEY S. LOXLEY was stamped chronic pain. Throughout this Indictment all references to an undercover DEA agent are to the same agent.

28. On or about November 19, 2003, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 120 tablets containing oxycodone, Percocet 5/325, to an undercover DEA agent without conducting any medical examination. At the beginning of the appointment, SIDNEY S. LOXLEY inquired of the undercover agent, “you need a little ski wax?” When the undercover

agent expressed a desire to get in quicker to see LOXLEY, LOXLEY instructed the undercover agent to “call me at home.”

29. On or about November 26, 2003, at Chesapeake, Virginia, SIDNEY S. LOXLEY, without an adequate medical evaluation or adequate medical documentation dispensed to patient number 25115, 240 tablets containing oxycodone, Percocet 5/325 mg.

30. On or about December 17, 2003, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 240 tablets containing oxycodone, Percocet 5/325, to patient number 25137, a patient being seen for the first time. Patient number 25137 was required to pay \$220 in cash for this visit.

31. On or about December 17, 2003, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 120 tablets containing meperidine, Demerol 100 mg, 120 tablets containing hydrocodone, Vicodin ES, and 60 tablets containing alprazolam, Xanax with multiple refills, to patient number 25133.

32. On or about January 2, 2004, at Chesapeake, Virginia, SIDNEY S. LOXLEY, outside the scope of legitimate medical practice, dispensed 120 tablets containing hydrocodone, Lortab, and 120 tablets, with multiple refills, containing alprazolam, Xanax, to patient number 24746.

33. On or about January 5, 2004, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 100 tablets of oxycodone, Oxycontin 40 mg, at the first visit of patient number 25146. When patient number 25146 alleged that the prescription was stolen, SIDNEY S. LOXLEY replaced it with a second prescription for oxycodone, OxyContin 40 mg.

34. On or about January 9, 2004, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 120 tablets containing meperidine, Demerol 100 mg, 120 tablets containing hydrocodone, Vicodin ES, and 150 tablets containing alprazolam, Xanax with multiple refills, to patient number 25133.

35. On or about January 9, 2004, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 120 tablets containing oxycodone, Percocet 5/325 to an undercover DEA agent without conducted a medical examination, rather SIDNEY S. LOXLEY discussed LOXLEY'S personal problems with the undercover agent before writing the prescription.

36. On or about February 3, 2004, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 120 tablets containing methadone, allegedly as a trial, to patient number 25098, when records indicate that SIDNEY S. LOXLEY had previously dispensed 120 tablets of methadone to patient 25098 on or about January 9, 2004, which prescription was not reflected in the medical chart for said patient.

37. On or about February 12, 2004, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 150 tablets containing oxycodone, Percocet 5/325, to an undercover DEA agent without conducting a medical examination. During the visit when the undercover agent asked for more pills, LOXLEY replied "if I do that you will not come back every month like you are supposed to." Loxley further stated to the undercover agent that "I have to be careful because the Board of Health Professions is sending undercover people in here to try and get me."

38. On or about February 18, 2004, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 120 tablets containing oxycodone, Percocet 5/325, 120 tablets containing hydrocodone, Vicodin ES, and a quantity of Tussionex syrup containing hydrocodone to patient number 25167.

39. On or about March 1, 2004, at Chesapeake, Virginia, SIDNEY S. LOXLEY, dispensed to patient number 24563, 180 tablets containing hydrocodone, Norco 10/325. Thereafter, on March 8, 2004, SIDNEY S. LOXLEY dispensed to patient number 24563, 60 tablets containing oxycodone, oxyContin 40 mg, and 60 tablets containing oxycodone, OxyIR 5 mg.

40. On or about March 10, 2004, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 150 tablets containing oxycodone, Percocet 5/325, to an undercover DEA agent. During the visit SIDNEY S. LOXLEY advised the undercover agent that he was being investigated for a patient's death.

41. On or about March 15, 2004, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 31 tablets containing morphine, Avinza 90 mg, to an individual cooperating with the DEA. During the visit, the cooperating individual explained that she was a drug addict but going to a clinic for treatment was too much of a problem. On or about March 23, 2004 the cooperating witness returned to LOXLEY'S office to obtain another prescription because the first one was not filled out correctly.

42. On or about March 15, 2004, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 240 tablets containing oxycodone, Percocet 5/325, 120 tablets containing hydrocodone, Vicodin ES, and a quantity of Tussionex syrup containing hydrocodone to patient

number 25167. The Percocet in combination with the Vicodin provided toxic levels of acetaminophen.

43. On or about April 2, 2004, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 150 tablets containing oxycodone, Percocet 5/325, to an undercover DEA agent without conducting a medical examination. During the visit SIDNEY S. LOXLEY inquired if the undercover agent was having back problems to which the undercover replied, “no, not really.” When the undercover agent requested something to make the Percocet work a little better, SIDNEY S. LOXLEY dispensed in addition to the Percocet, 100 tablets of atarax, Vistaril, 50 mg.

44. On or about April 19, 2004, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 240 tablets containing oxycodone, Percocet 5/325, 120 tablets containing hydromorphone, Dilaudid 2 mg, and a quantity of diazepam, Valium, to patient number 25167.

45. On or about April 27, 2004, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 180 tablets containing oxycodone, 120 tablets of 5 mg Oxy IR and 60 tablets of 20 mg OxyContin, to patient number 24841. Thereafter, on May 3, 2004, just 6 days later, SIDNEY S. LOXLEY dispensed 90 additional tablets containing oxycodone, Percocet 5/325 mg, to patient number 24841.

46. On or about April 30, 2004, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 31 tablets containing morphine, Avinza 90 mg, to an individual cooperating with the DEA, without any medical examination. When the cooperating individual produced cash to pay for the visit, SIDNEY S. LOXLEY opened his wallet and placed the U.S. currency inside his wallet.

47. On or about May 14, 2004, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 240 tablets containing oxycodone, Percocet 5/325, to an undercover DEA agent without conducting a medical examination.

48. On or about May 19, 2004, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed a 240 tablets containing oxyycodone, Percocet 5/325, and 120 tablets containing hydromorphone, Dilaudid 2 mg, to patient number 25167.

49. On or about May 21, 2004, at Chesapeake, Virginia, SIDNEY S. LOXLEY dispensed 180 tablets containing methadone to Karen Gowans. Thereafter, on or about May 25, 2004, Karen Gowans consumed a portion of the methadone dispensed by SIDNEY S. LOXLEY which caused Karen Gowans' death.

50. On or about June 22, 2004, at Chesapeake, Virginia, CAROL DEAN LOXLEY possessed a quantity of tablets containing dextroamphetamine, known by the trade name Adderall.

51. On or about June 22, 2004, at 1850 Shillelagh Road, Chesapeake, Virginia, SIDNEY S. LOXLEY and CAROL DEAN LOXLEY possessed a quantity of oxycodone and hydrocodone.

(All in violation of Title 21, United States Code, Sections 846 and 841(a)(1) and (b)(1)(C)).

COUNT 2

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 7 of the indictment are realleged and incorporated into Count 2 of this indictment.

2. On or about January 24, 2003, at Chesapeake, Virginia, within the Eastern District of Virginia, the defendant, SIDNEY S. LOXLEY, did knowingly, intentionally, and unlawfully distribute and dispense a mixture and substance containing a detectable amount of butalbital (Fioricet) and a mixture and substance containing a detectable amount of methadone, a Schedule II controlled substance, not for a legitimate medical purpose and beyond the bounds of medical practice, to Lanae Sasse.

3. On or about January 25, 2003, as a result of the use of the substance distributed and dispensed by the defendant, SIDNEY S. LOXLEY, Lanae Sasse (age 25) died.

(In violation of Title 21, United States Code, Section 841(a)(1) and (b)(1)(C)).

COUNT 3

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 7 of the indictment are realleged and incorporated into Count 3 of this indictment.

2. On or about February 21, 2003, at Chesapeake, Virginia, within the Eastern District of Virginia, the defendant, SIDNEY S. LOXLEY, did knowingly, intentionally, and unlawfully distribute and dispense a mixture and substance containing a detectable amount of hydrocodone (Vicodin ES), a Schedule III controlled substance, not for a legitimate medical purpose and beyond the bounds of medical practice, to Karen Zanella.

3. On or about March 6, 2003, at Chesapeake, Virginia, within the Eastern District of Virginia, the defendant, SIDNEY S. LOXLEY, did knowingly, intentionally, and unlawfully distribute and dispense a mixture and substance containing a detectable amount of hydromorphone (Dilaudid) and a mixture and substance containing a detectable amount of oxycodone (OxyContin), both Schedule II controlled substances, not for a legitimate medical purpose and beyond the bounds of medical practice, to Karen Zanella.

4. On or about March 8, 2003, as a result of the use of the substances distributed and dispensed by the defendant, SIDNEY S. LOXLEY, Karen Zanella (age 43) died.

(In violation of Title 21, United States Code, Section 841(a)(1) and (b)(1)(C)).

COUNT 4

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 7 of the indictment are realleged and incorporated into Count 4 of this indictment.

2. On or about June 5, 2003, at Chesapeake, Virginia, within the Eastern District of Virginia, the defendant, SIDNEY S. LOXLEY, did knowingly, intentionally, and unlawfully distribute and dispense a mixture and substance containing a detectable amount of methadone and a mixture and substance containing a detectable amount of oxycodone (Percocet), both Schedule II controlled substances, not for a legitimate medical purpose and beyond the bounds of medical practice, to David Scarborough.

3. On or about June 8, 2003, as a result of the use of the substances distributed and dispensed by the defendant, SIDNEY S. LOXLEY, David Scarborough (age 42) died.

(In violation of Title 21, United States Code, Section 841(a)(1) and (b)(1)(C)).

COUNT 5

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 7 of the indictment are realleged and incorporated into Count 5 of this indictment.
2. On or about May 21, 2004, at Chesapeake, Virginia, within the Eastern District of Virginia, the defendant, SIDNEY S. LOXLEY, did knowingly, intentionally, and unlawfully distribute and dispense a mixture and substance containing a detectable amount of methadone, a Schedule II controlled substance, not for a legitimate medical purpose and beyond the bounds of medical practice, to Karen E. Gowans.
3. On or about May 25, 2004, as a result of the use of the substance distributed and dispensed by the defendant, SIDNEY S. LOXLEY, Karen E. Gowans (age 38) died.

(In violation of Title 21, United States Code, Section 841(a)(1) and (b)(1)(C)).

COUNTS 6 THROUGH 56

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 7 of the this indictment are realleged and incorporated into Counts 6-56 of this Indictment.

2. On or about the below-listed dates, at Chesapeake, Virginia, within the Eastern District of Virginia, the defendant, SIDNEY S. LOXLEY, did knowingly, intentionally, and unlawfully distribute and dispense, and did cause the knowing, intentional, and unlawful distribution and dispensing of, a mixture and substance containing a detectable amount of the below-listed controlled substances, not for a legitimate medical purpose and beyond the bounds of medical practice, to the following:

Count	Date	Patient Account No.	Controlled Substance	Quantity
6	01/14/02	23358	oxycodone, Percocet	120
7	05/24/02	21142	methadone, 10 mg	120
8	06/03/02	21142	methadone, 10 mg	240
9	07/03/02	21142	methadone, 10 mg	240
10	08/02/02	21142	methadone, 10 mg	240
11	02/05/03	24817	methadone, 10 mg	120
12	03/26/03	23303	oxycodone, Percocet 5/325	240
13	05/05/03	24817	methadone, 10 mg	120
14	08/04/03	24916	hydrocodone, Vicodin ES	120
15	08/20/03	24684	oxycodone, APAP 5/325	240
16	09/03/03	24916	hydrocodone, Vicodin ES	120
17	09/29/03	24916	hydrocodone, Vicodin ES	120

Count	Date	Patient Account No.	Controlled Substance	Quantity
18	10/01/03	24684	meperidine, 100mg	120
19	10/01/03	24684	hydrocodone, APAP 10/500	120
20	10/09/03	24684	meperidine, 100 mg	120
21	10/09/03	24684	hydrocodone, APAP 10/500	120
22	10/15/03	24916	hydrocodone, Vicodin ES	120
23	10/29/03	25088	oxycodone, Percocet 5/325	120
24	11/14/03	24916	hydrocodone, Vicodin ES	120
25	11/19/03	25088	oxycodone, Percocet 5/325	120
26	11/26/03	25115	oxycodone, APAP 5/325	240
27	12/16/03	25097	oxycodone, 7.5/500	240
28	12/17/03	25137	oxycodone, Percocet 5/325	240
29	12/17/03	25133	meperidine, Demerol 100 mg	120
30	12/17/03	25133	hydromorphone, Vicodin ES	120
31	12/22/03	25061	oxycodone, Percocet 5/325	240
32	12/22/03	25061	morphine, MS Contin 30 mg	100
33	01/02/04	24746	hydrocodone, Lortab 10	120
34	01/05/04	25146	oxycodone, Oxycontin 40	100
35	01/09/04	24854	oxycodone, Percocet	240
36	01/09/04	25133	meperidine, Demerol 100 mg	120
37	01/09/04	25133	hydrocodone, Vicodin ES	120
38	01/09/04	25088	oxycodone, Percocet 5/325	120
39	02/03/04	25098	methadone, 10 mg	120
40	02/03/04	24718	morphine, MSIR	120
41	02/12/04	25088	oxycodone, Percocet	150
42	02/19/04	24801	hydrocodone, 10/325	240

Count	Date	Patient Account No.	Controlled Substance	Quantity
43	03/10/04	25088	oxycodone, Percocet 5/325	150
44	03/15/04	25180	morphine, Avinza 90 mg	31
45	03/17/04	24801	hydrocodone, 10/325	240
46	03/19/04	25151	hydromorphone, Dilaudid 4mg	120
47	04/02/04	25088	oxycodone, Percocet 5/325	150
48	04/09/04	25097	oxycodone, 7.5/500	240
49	04/27/04	24841	oxycodone	180
50	04/30/04	25180	morphine, Avinza 90 mg	31
51	05/03/04	24841	oxycodone, Percocet 5/325	90
52	05/12/04	24325	oxycodone, Percocet 5/325	240
53	05/14/04	25088	oxycodone, Percocet	240
54	05/19/04	25167	oxycodone, Percocet	240
55	06/03/04	24027	methadone 40 mg	120
56	06/039/04	24027	hydromorphone, Dilaudid 4mg	60

(In violation of Title 21, United States Code, Section 841(a)(1) and (b)(1)(C)).

COUNTS 57 THROUGH 83

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 7 of the this indictment are realleged and incorporated into Counts 57-83 of this Indictment.
2. On or about the below-listed dates, at Chesapeake, Virginia, within the Eastern District of Virginia, the defendant, CAROL DEAN LOXLEY, aided and abetted by the defendant SIDNEY S. LOXLEY, knowingly and intentionally obtained and acquired a mixture and substance containing a detectable amount of the below-listed controlled substances, by misrepresentation, fraud, deception and subterfuge, to wit, SIDNEY S. LOXLEY wrote prescriptions in the names of other patients in order for CAROL DEAN LOXLEY to obtain and acquire the controlled substances, as follows:

Count	Date	Patient Account No.	Controlled Substance	Quantity
57	12/13/02	24778	meperidine, Demerol 100 mg	120
58	12/30/02	24778	meperidine, Demerol 50 mg	190
59	01/05/03	24778	meperidine, Demerol 100 mg	120
60	01/25/03	24778	meperidine, Demerol 100 mg	120
61	03/03/03	24778	meperidine, Demerol 100 mg	120
62	07/23/03	24649	dextroamphetamine, Adderall 30 mg	60
63	08/11/03	24649	dextroamphetamine, Adderall 30 mg	60
64	08/18/03	24649	dextroamphetamine, Adderall 30 mg	60
65	08/25/03	24649	dextroamphetamine, Adderall 30 mg	60
66	09/09/03	24649	dextroamphetamine, Adderall 30 mg	60
67	09/17/03	24649	dextroamphetamine, Adderall 30 mg	60

Count	Date	Patient Account No.	Controlled Substance	Quantity
68	09/28/03	24649	dextroamphetamine, Adderall 30 mg	60
69	10/18/03	24649	dextroamphetamine, Adderall 30 mg	60
70	10/20/03	24649	dextroamphetamine, Adderall 30 mg	60
71	11/10/03	24649	dextroamphetamine, Adderall 30 mg	60
72	12/02/03	24649	dextroamphetamine, Adderall 30 mg	60
73	12/16/03	24649	dextroamphetamine, Adderall 30 mg	60
74	01/02/04	24649	dextroamphetamine, Adderall 30 mg	60
75	01/23/04	24649	dextroamphetamine, Adderall 30 mg	60
76	02/20/04	24649	dextroamphetamine, Adderall 30 mg	60
77	03/19/04	24649	amphetamine, 30 mg	60
78	04/19/04	24649	amphetamine, 30 mg	60
79	05/14/04	24649	amphetamine, 30 mg	60
80	05/21/04	24649	amphetamine, 30 mg	60
81	06/19/04	24649	amphetamine, 30 mg	60
82	07/10/04	24649	amphetamine, 30 mg	60
83	07/20/04	24649	amphetamine, 30 mg	60

(All in violation of Title 21, United States Code, Section 843(a)(3)).

COUNTS 84 THROUGH 89

THE GRAND JURY FURTHER CHARGES THAT:

On or about the below-listed dates, within the Eastern District of Virginia, the defendants SIDNEY S. LOXLEY and CAROL DEAN LOXLEY did knowingly conduct and attempt to conduct the following financial transactions affecting interstate and foreign commerce, which involved the proceeds of specified unlawful activity, that is the trafficking in controlled substances, not for legitimate medical purpose and beyond the bounds of medical practice, in violation of Title 21, United States Code Sections 841(a)(1) and (b)(1)(C), with the intent to promote the carrying on of said specified unlawful activity, and that while conducting and attempting to conduct such financial transactions, the defendants knew that the property involved in the financial transactions represented the proceeds of some form of unlawful activity.

COUNT	DATE	AMOUNT	TRANSACTION
84	05/13/04	\$3,406.62	Deposit into BB&T Account 5133850076
85	05/13/04	\$1, 043.00	Deposit into BB&T Account 5133850076
86	05/17/04	\$4,136.75	Deposit into BB&T Account 5133850076
87	05/17/04	\$2,104.76	Deposit into BB&T Account 5133850076
88	05/17/04	\$2,095.99	Deposit into BB&T Account 5133850076
89	05/20/04	\$ 1,058.86	Deposit into BB&T Account 5133850076

All in violation of Title 18, United States Code, Sections 1956(a)(1)(A)(i) and 2.

COUNT 90

_____THE GRAND JURY FURTHER CHARGES THAT:

On or about June 23, 2004, in the Eastern District of Virginia, defendant SIDNEY S. LOXLEY did knowingly engage and attempt to engage in a monetary transaction by through or to a financial institution, affecting interstate or foreign commerce, in criminally derived property of a value greater than \$10,000, that is the withdrawal of \$86,758 from BB&T, such property having been derived from a specified unlawful activity, that is the trafficking in controlled substances, not for a legitimate medical purpose and beyond the bounds of medical practice, in violation of Title 21, United States Code Sections 841(a)(1) and (b)(1)(C).

(In violation of Title 18, United States Codes, Sections 1957 and 2).

COUNT 91

THE GRAND JURY FURTHER CHARGES THAT:

On or about June 23, 2004, at Chesapeake, Virginia, within the Eastern District of Virginia, SIDNEY S. LOXLEY, knowingly and unlawfully either before, during, or after any search or seizure of property by any person authorized to make such search or seizure, destroyed, damaged, wasted, disposed of, transferred, or otherwise took any action, or attempted to destroy, damage, waste, dispose of, transfer, or otherwise take any action, for the purpose of impairing the Government's lawful authority to take such property into its custody or control or to continue holding such property under its lawful custody and control, in violation of Title 18, United States Code, Section 2232(a) to-wit property consisting of approximately \$86,758.00.

(In violation of Title 18, United States Code, Sections 2232(a) and 2.)

CRIMINAL FORFEITURE

A. The defendants, SIDNEY S. LOXLEY, CAROL DEAN LOXLEY and ORTHOPEDIC SURGEONS, LTD., if convicted of one or more of the violations alleged in Counts 1 through Counts 74 of this Indictment, as part of the sentencing of the defendants pursuant to F.R.Cr.P. 32.2, shall forfeit to the United States:

1. Any and all property constituting, or derived from, any proceeds the defendants obtained, directly or indirectly, as the result of such violations; and
2. Any of the defendants' property used, or intended to be used, in any manner or part, to commit, or to facilitate the commission of such violations.

(All in violation of Title 21, United States Code, Section 853.)

B. The defendants, SIDNEY S. LOXLEY and CAROL DEAN LOXLEY, if convicted of the violation alleged in Counts 75 through Counts 82 of this Indictment, as part of the sentencing of the defendants pursuant to F.R.Cr.P. 32.2, shall forfeit to the United States:

1. Any and all property, real or personal, involved in such offense; and
2. Any and all property traceable to property, in whole or in part, involved in such offense.

(All in violation of Title 18, United States Code, Section 982.)

C. The property subject to forfeiture under paragraphs A and B, above, includes but is not limited to the following:

A monetary judgement equaling the sum in the aggregate of not less than \$1,200,000.00 based on the gross proceeds realized from the aforementioned offenses by the defendant and co-conspirators and the value of the property facilitating the offenses.

The sum of approximately \$6,256.16, in the aggregate, represents proceeds illegally derived from the foregoing offenses that were seized in Chesapeake, Virginia on June 22, 2004.
Real property known as 1850 Shillelagh Road, Chesapeake, Virginia.
Real property known as The Offices of Sidney S. Loxley, M.D., 501 N. Battlefield Boulevard, Chesapeake, Virginia.
Any and all money held in Account #101235581-0 with T. Rowe Price, seized on June 25, 2004.
Any and all money held in Account #700120566-1 with T. Rowe Price, seized on June 25, 2004.
Any and all money held in Account #971-182293 with American Century Investments, seized on July 1, 2004.
Any and all money held in Account #971-182279 with American Century Investments, seized on July 1, 2004.
Any and all money held in Fund Account #980-00008005448 with American Century Investments, seized on June 25, 2004.
Any and all money held in Account #980-8005451 with American Century Investments, seized on June 25, 2004.
Any and all money held in Venture Fund Account #742827 with Janus Capital Group, seized on June 25, 2004.
Any and all money held in Money Market Fund Account #742827 with Janus Capital Group, seized on June 25, 2004.
Any and all money held in Twenty Fund Account #742827 with Janus Capital Group, seized on September 7, 2004.
Any and all money held in Venture Fund Account #742823 with Janus Capital Group, seized on September 7, 2004.
Any and all money held in Money Market Fund Account #742823 with Janus Capital Group, seized on June 25, 2004.
Any and all money held in Twenty Fund Account #742823 with Janus Capital Group, seized on June 25, 2004.
Any and all money held in Profit Sharing Plan Account #571-0000156524 with Columbia Funds, seized on July 25, 2004.
Any and all money held in Pension Plan Trust Account #571-0000146528 with Columbia Funds, seized on July 25, 2004.

Any and all money held in Account #325-02454-16 with Legg Mason, seized on September 14, 2004.
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Any and all money held in Account #325-003480-12 with Legg Mason, seized on September 14, 2004.

D. If any property that is subject to forfeiture above, (a) cannot be located upon the exercise of due diligence, (b) has been transferred to, sold to, or deposited with a third person, (c) has been placed beyond the jurisdiction of the Court, (d) has been substantially diminished in value, or (e) has been commingled with other property that cannot be subdivided without difficulty; it is the intent of the United States to seek forfeiture of any other property of the defendants, up to the value described above, as subject to forfeiture under Title 21, United States Code, Section 853(p).

(In violation of Title 21, United States Code, Section 853).

NOTICE OF SENTENCING GUIDELINES ENHANCEMENTS

THE GRAND JURY FURTHER CHARGES THAT:

The following United States Sentencing Commission Guidelines Manual Enhancements apply to the defendants SIDNEY S. LOXLEY and CAROL DEAN LOXLEY, as indicated, to all relevant counts of this Indictment:

- a.) Defendant SIDNEY S. LOXLEY dispensed and distributed narcotic controlled substances punishable under 21 U.S.C. § 841(b)(1)(C) which resulted in the deaths of Karen Gowans, Lanae Sasse, David Scarborough and Karen Zanella, pursuant to Section 2D1.1(a)(2). (Counts 1-5).
- b.) Defendant SIDNEY S. LOXLEY possessed a firearm during the drug trafficking conspiracy pursuant to Section 2D1.1(b)(1). (Counts 1-56). Defendant SIDNEY S. LOXLEY'S possession of a firearm during the drug trafficking conspiracy was reasonably foreseeable to defendant CAROL DEAN LOXLEY pursuant to Section 2D1.1(b)(1). (Count 1).
- c.) Defendant SIDNEY S. LOXLEY was an organizer, leader, manager and supervisor of a criminal activity that involved five or more participants or was otherwise extensive, pursuant to Section 3B1.1. (Counts 1-56).
- d.) Defendants SIDNEY S. LOXLEY and CAROL DEAN LOXLEY were convicted under 18 U.S.C. § 1956, pursuant to Section 2S1.1(b)(2)(B). (Counts 84-89).

A TRUE BILL:

Foreperson

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United States Attorney

By:

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